



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

April 6, 2015

Ms. Kara Belew, Budget Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Belew and Ms. Parks:

Enclosed is the agency's FY 2015 Monthly Financial Report as of February 2015. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of February. In total, the operating budget was decreased by \$3,303,588.

➤ Article IX, Section 8.02 - Federal Funds/Block Grants (Net Decrease of \$2,767,559):

❖ Block Grants/Capped Titles (Net Decrease of \$1,730,683):

- Strategy B.1.2 - CPS Program Support was decreased by \$17,718 to reflect the FFY 2015 Title IV-E Chafee Education and Training Vouchers Program grant award letter.
- Strategy B.1.10 - Other CPS Purchased Services was decreased by \$1,712,965 for the following:
 - Decreased FFY 2015 Title IV-B, subpart 1, Stephanie Tubbs Jones Child Welfare Program in the amount of \$85,629 to reflect grant award letter.
 - Decreased FFY 2015 Title IV-B, subpart 2, Promoting Safe and Stable Families in the amount of \$1,627,336 to reflect grant award letter.

❖ Entitlement Federal Funds (Net Decrease of \$1,036,876):

- Strategy A.1.1 Statewide Intake Services was decreased by \$2,070
- Strategy B.1.1 CPS Direct Delivery Staff was decreased by \$967,879
- Strategy B.1.2 CPS Program Support was decreased by \$75,994
- Strategy B.1.10 Other CPS Purchased Services was decreased by \$3,135
- Strategy D.1.1 APS Direct Delivery Staff was decreased by \$30,286
- Strategy D.1.2 APS Program Support was decreased by \$4,132
- Strategy D.1.3 MH and ID Investigations was increased by \$83,906
- Strategy E.1.1 Child Care Regulation was decreased by \$33,922
- Strategy F.1.1 Central Administration was increased by \$6,858
- Strategy F.1.2 Other Support Services was increased by \$3,074
- Strategy F.1.3 Regional Administration was decreased by \$1,245
- Strategy F.1.4 IT Program Support was decreased by \$12,051

➤ Article IX, Section 8.03 - Reimbursements and Payments (Net Decrease of \$536,029):

- Strategy B.1.2 CPS Program Support was decreased by \$536,029 (IAC Receipts) to reflect a reduction in the Children's Rights Litigation contract amount with HHSC.

BUDGET VARIANCES

This report reflects a net agency shortfall of \$14.7 million consisting of a \$16.7 million shortfall in General Revenue and \$1.9 million surplus in Federal Funds and \$0.1 million surplus in Other Funds. Significant budget variances are identified below.

- Strategy B.1.1 - CPS Direct Delivery Staff has a projected surplus of \$11.4 million consisting of a \$11.3 million surplus in General Revenue and \$0.1 million surplus in Other Funds. This surplus is primarily salary funds because of vacant appropriated FTEs. The agency projects to see modest growth in hiring in March and April followed by a small steady increase for the remainder of the fiscal year. DFPS plans to request approval to utilize these excess funds for anticipated shortfalls in other strategies.
- Strategy B.1.2 - CPS Program Support has a projected shortfall of \$0.5 million consisting of \$0.9 million shortfall in General Revenue and \$0.4 million surplus in Federal Funds. The shortfall is due to increases in staff related costs and unanticipated expenditures (The Stephen Group). This shortfall can be offset by surplus funds in other DFPS strategies.
- Strategy B.1.6 - Adoption Purchased Services has a projected shortfall of \$1.5 million in General Revenue. Adoption placements and consummations are higher than expected. This shortfall can be offset by surplus funds in other DFPS strategies.
- Strategy B.1.9-Substance Abuse Purchased Services has a projected shortfall of \$2.3 million consisting of \$2.5 million shortfall in General Revenue and \$0.2 million surplus in TANF primarily resulting from increases in drug testing costs. DFPS will enter into a new procurement for drug testing and DFPS is closely examining service policy and procedures. Expenditure trends will be closely monitored. This shortfall can be offset by surplus funds in other DFPS strategies.
- Strategy C.1.4 - Child Abuse Prevention Grants has a projected surplus of \$0.8 million in Federal Funds because of projected contract balances. PEI staff is currently exploring options to utilize these funds. Any unused CBCAP federal funds will be re-budgeted to FY 2016.
- Strategy D.1.1 - APS Direct Delivery Staff has a projected surplus of \$2.1 million in General Revenue. This surplus is primarily salary funds because of vacant appropriated FTEs. DFPS plans to request approval to utilize these excess funds for anticipated shortfalls in other strategies.

- Strategy E.1.1 Child Care Regulation has a projected surplus of \$1.4 million in General Revenue as a result of vacant FTEs. DFPS plans to request approval to utilize these excess funds for anticipated shortfalls in other strategies.

The following General Revenue variances are projected based on the HHSC February 2015 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.3 million
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$2.9 million
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$21.1 million
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected surplus of \$0.4 million
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected shortfall of \$2.6 million

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

- Strategy B.1.1. - CPS Direct Delivery Staff - This projection was decreased by \$9.0 million from the previous report to reflect year-to-date expense and forecast utilization of the staff-related budget.
- Strategy B.1.6 - Adoption Purchased Services - This projection was increased by \$1.5 million from the previous report because year-to-date actual expenditures indicate a projected trend in excess of available budget.
- Strategy C.1.4 - Child Abuse Prevention Grants - This projection was decreased by \$0.8 million. Analysis of provider contract billing indicates spending below appropriated levels. As indicated above, PEI is monitoring and exploring additional uses for these funds. Surplus grant funds will be re-budgeted in FY 2016 to the extent allowable under the terms and conditions of the grant.
- Strategy D.1.1 - APS Direct Delivery Staff. This projection was decreased by \$1.0 million from the previous report to reflect year-to-date expense and forecast utilization of the staff-related portion of the strategy budget.

OTHER KEY BUDGET ISSUES

The agency is seeking authority to transfer projected surpluses in General Revenue from restricted strategies.

Currently, the agency anticipates a funding shortfall for Day Care strategies beginning in June.

CAPITAL BUDGET ISSUES

The agency estimates unobligated capital budget balances in the amount of \$2.2 million will be carried forward from FY 2014 to FY 2015 in the near future.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2014	HHSC/DFPS Letter Date	Approval/Response Received by April 6, 2015	
		LBB	Governor
Request Use of General Revenue Funds Available in Relative Foster Day Care and Prevention to Meet a Critical Need in Protective Day Care in Fiscal Year 2014	October 28, 2014	N	N

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson
Chief Financial Officer

cc: Garnet Coleman, State Representative
Meghan Weller, Governor's Office
Hasan Mack, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Shannon Ghangurde, Senate Finance Committee
Stacey Gilliam, Senate Finance Committee
Hunter Thompson, House Appropriations Committee
Kyler Arnold, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board